

# Consolidated Financial Results for the Fiscal Year 2020 (J-GAAP)

May 13, 2020

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Date of annual general meeting of shareholders: June 19, 2020

Date to submit the annual securities report: June 22, 2020

Date to start of dividends distribution: June 22, 2020

Supplementary materials prepared: Yes

Results information meeting held: Yes (for financial analysts)

(Figures shown are rounded down to the nearest million yen.)

## 1. Consolidated Financial Results for the Year Ended March 31, 2020 (April 1, 2019–March 31, 2020)

### (1) Consolidated Financial Results

(Percentage figures represent changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2020	52,329	(7.5)	11,789	(1.3)	11,908	(5.1)	8,375	(49.8)
FY2019	56,550	4.1	11,949	5.5	12,546	8.4	16,677	105.9

Note: Comprehensive income: FY2020: ¥6,991 million (-59.4%)

FY2019: ¥17,229 million (62.6%)

	Net income per share	Fully diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2020	263.21	–	9.2	11.3	22.5
FY2019	524.09	–	20.6	13.0	21.1

Reference: Investment profit/loss on equity method: FY2020: ¥ – million

FY2019: ¥ – million

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2020	104,489	93,432	88.9	2,917.83
FY2019	106,699	88,904	82.8	2,777.83

Reference: Equity capital: FY2020: ¥92,847 million

FY2019: ¥88,393 million

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2020	1,977	8,971	(2,476)	27,904
FY2019	9,704	(5,036)	(2,155)	19,543

## 2. Dividends

	Dividends per share					Total dividends (Annual)	Dividends payout ratio (Consolidated)	Dividends on shareholders' equity ratio (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2019	–	20.00	–	57.00	77.00	2,450	14.7	3.0
FY2020	–	20.00	–	57.00	77.00	2,450	29.3	2.7
FY2021 (forecast)	–	–	–	–	–	–	–	–

(Note) Dividends forecast for the fiscal year ending March 2021 has yet to be determined.

## 3. Forecast of the Consolidated Financial Results for the Year Ending March 31, 2021 (April 1, 2020–March 31, 2021)

A forecast of the consolidated financial results for the fiscal year ending March 2021 is yet to be determined as it is difficult to reasonably predict the impact of the novel coronavirus (COVID-19) at this stage. We will release a financial forecast as soon as it becomes available for disclosure.

## \* Notes

(1) Significant Changes in Subsidiaries during the Year under Review (Changes in specified subsidiaries resulting in change of scope of consolidation): None

Newly included: None (Company name: ) Removed: None (Company name: )

(2) Changes in Accounting Policies, Accounting Estimates, and Restatement of Revisions

- 1) Changes in accounting policies associated with revisions of accounting standards, etc.: None  
 2) Changes other than those included in 1): None  
 3) Changes in accounting estimates: None  
 4) Restatement of revisions: None

(3) Number of Shares Outstanding (Common Stock)

1) Number of shares outstanding as of the period-end (including treasury shares)	As of March 31, 2020:	32,808,683 shares	As of March 31, 2019:	32,808,683 shares
2) Number of treasury shares as of the period-end	As of March 31, 2020:	987,855 shares	As of March 31, 2019:	987,527 shares
3) Average number of shares outstanding for the period	FY 2020:	31,820,980 shares	FY 2019:	31,821,589 shares

(Reference) Summary of Non-consolidated Financial Results

1. Financial Results for the Year Ended March 31, 2020 (April 1, 2019–March 31, 2020)

(1) Non-consolidated Financial Results

(Percentage figures represent changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2020	41,371	5.6	8,998	8.7	9,233	2.3	6,633	(64.0)
FY2019	39,177	0.5	8,275	5.6	9,027	9.8	18,438	211.1

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY2020	208.45	–
FY2019	579.45	–

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2020	97,837	89,657	91.6	2,817.57
FY2019	102,255	86,837	84.9	2,728.92

Reference: Equity capital: FY2020: ¥89,657 million FY2019: ¥86,837 million

\* These financial results are outside the scope of the audit by certified public accountants or auditing firms.

\* Explanation regarding the appropriate use of forecast of consolidated financial results and other special instructions

Descriptions regarding the future, including the financial outlook contained in this material, are based on certain information currently available to the Company and particular assumptions, which are, at the discretion of the Company, deemed reasonable and actual financial results may significantly vary due to various factors.

**Contents**

1. Overview of Financial Results, etc.....	2
(1) Overview of Financial Results for the FY2020 .....	2
(2) Overview of Financial Position for the FY2020 .....	3
(3) Overview of Cash Flows in the FY2020 .....	3
(4) Future Outlook .....	4
2. Basic Approach to the Selection of Accounting Standards .....	5
3. Consolidated Financial Statements and Major Notes .....	6
(1) Consolidated Balance Sheets .....	6
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income .....	8
(Consolidated Statements of Income) .....	8
(Consolidated Statements of Comprehensive Income) .....	9
(3) Consolidated Statements of Changes in Equity .....	10
(4) Consolidated Statements of Cash Flows .....	12
(5) Notes on the Consolidated Financial Statements .....	13
(Notes on the Going Concern Assumption) .....	13
(Basic Important Matters to Prepare the Consolidated Financial Statements) .....	13
(Consolidated Balance Sheets) .....	16
(Consolidated Statements of Income) .....	17
(Consolidated Statements of Comprehensive Income) .....	18
(Consolidated Statements of Changes in Equity) .....	19
(Consolidated Statements of Cash Flows) .....	20
(Securities) .....	21
(Derivative Transactions) .....	23
(Retirement Benefits) .....	23
(Segment Information, etc.) .....	26
(Information on the Related Parties) .....	28
(Per Share Information) .....	30
(Important Subsequent Events) .....	30
4. Non-consolidated Financial Statements and Major Notes .....	31
(1) Non-consolidated Balance Sheets .....	31
(2) Non-consolidated Statements of Income .....	33
(3) Non-consolidated Statements of Changes in Equity .....	35
5. Other .....	37

## 1. Overview of Financial Results, etc.

### (1) Overview of Financial Results for the FY2020

(Consolidated Financial Results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to shareholders of the parent company	Net income per share (yen)
FY2020	52,329	11,789	11,908	8,375	263.21
FY2019	56,550	11,949	12,546	16,677	524.09
Growth Rate	(7.5%)	(1.3%)	(5.1%)	(49.8%)	—

(Non-consolidated Financial Results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2020	41,371	8,998	9,233	6,633	208.45
FY2019	39,177	8,275	9,027	18,438	579.45
Growth Rate	5.6%	8.7%	2.3%	(64.0%)	—

Looking at the Japanese economy during the fiscal year ended March 31, 2020, the employment and income situation continued to improve. However, future prospects remained uncertain due to the consumption tax hike in October 2019, growing uncertainty over overseas economies caused by U.S.-China trade tensions as well as downside risks to domestic and overseas economies and volatile financial markets triggered by the COVID-19 pandemic in February 2020.

Under such circumstances, Ariake Japan Co., Ltd. (the "Company") and its Group companies (collectively, the "Ariake Group") have been striving to understand customer needs early on, expand their existing businesses throughout the world, and actively develop new businesses. In this way, the Ariake Group endeavors, as a leading manufacturer in the field of natural seasonings and also as a global enterprise, to fulfill its commitments to food safety, good health, and better taste.

The Company faced difficulties in the fourth quarter (from January 1 to March 31, 2020) as the COVID-19 pandemic weighed heavily on the economy, causing an economic slowdown in Japan. In the month of March 2020, sales for the prepared food industry maintained their strong momentum since the beginning of the year, whereas sales dropped for the food service industry. Consolidated overseas subsidiaries, for which the accounting period under review is from January 1, 2019 to December 31, 2019, were not affected by COVID-19 in the current fiscal year.

As a result of these efforts, the Group and the Company were able to record the following earnings for the fiscal year under review.

The Company's net sales increased by 5.6% (¥2,194 million) year on year, to ¥41,371 million, resulting from our steady sales and marketing efforts focusing on a "customer-first" approach.

Sales of overseas subsidiaries decreased by 36.9% year on year due to the sale of Ariake U.S.A., Inc.

Therefore, consolidated net sales for the fiscal year under review decreased by 7.5% (¥4,220 million) year on year to ¥52,329 million.

The Company's operating income grew by 8.7% (¥722 million) year on year to ¥8,998 million, largely due to increased sales and cost reduction.

Consolidated operating income decreased by 1.3% (¥160 million) year on year to ¥11,789 million.

The Company's ordinary income increased by 2.3% (¥205 million) year on year to ¥9,233 million. This was mainly attributable to a ¥243 million decrease in gain on valuation of derivatives and foreign exchange gains compared to the previous year.

Consolidated ordinary income decreased by 5.1% (¥638 million) year on year to ¥11,908 million.

Net income for the Company decreased by 64.0% (¥11,805 million) year on year to ¥6,633 million.

Net income attributable to shareholders of the parent company decreased by 49.8% (¥8,301 million) year on year to ¥8,375 million.

The Ariake Group has only one reportable segment, so information on segment performance is not reported.

## (2) Overview of Financial Position for the FY2020

### (Assets)

As of March 31, 2020, total current assets were ¥70,539 million yen. This represents an increase of ¥1,689 million compared to March 31, 2019, mainly due to an increase of ¥9,861 million in cash and deposits, an increase of ¥4,000 million in securities, and an increase of ¥1,617 million in taxes receivable, and a decrease of ¥14,051 million in accounts receivable - other. Total non-current assets decreased by ¥3,899 million compared to March 31, 2019 to ¥33,950 million, mainly due to a decrease of ¥3,000 million in long-term accounts receivable - other upon the sale of Ariake U.S.A., Inc. and a decrease of ¥818 million in investment securities.

Therefore, total assets were ¥104,489 million, a decrease of ¥2,209 million compared to March 31, 2019.

### (Liabilities)

As of March 31, 2020, total current liabilities were ¥7,343 million, which represents a decrease of ¥6,816 million compared to March 31, 2019. This was mainly attributable to a decrease of ¥7,140 million in income taxes payable. Total non-current liabilities increased to ¥3,713 million, an increase of ¥77 million compared to March 31, 2019. This was mainly owing to an increase of ¥118 million in net defined benefit liability.

Therefore, total liabilities were ¥11,057 million, a decrease of ¥6,738 million compared to March 31, 2019.

### (Net Assets)

As of March 31, 2020, total net assets were ¥93,432 million, representing an increase of ¥4,528 million compared to March 31, 2019. This was mainly due to ¥8,375 million in net income attributable to shareholders of the parent company and ¥2,450 million in dividends of surplus.

Therefore, equity ratio was 88.9% (82.8% as of March 31, 2019).

## (3) Overview of Cash Flows in the FY2020

Cash and cash equivalents (hereinafter "cash") as of March 31, 2020 totaled ¥27,904 million, an increase of ¥8,361 million (up 42.8%) compared to March 31, 2019, as a result of outflows including the purchase of property, plant and equipment and payment of cash dividends despite a decrease in income before income taxes and minority interests to ¥12,130 million (down 52.9% compared to the FY2019).

Overview of the respective cash flows and factors that influenced them in the FY2020 are stated as below.

### (Cash flows from operating activities)

Net cash provided by operating activities was ¥1,977 million (a year on year decrease in inflow of ¥7,727 million). While income before income taxes and minority interests decreased to ¥12,130 million (a year on year decrease of ¥13,621 million) and depreciation of ¥1,597 million was posted, payments for income and other taxes was ¥9,768 million and increase in inventories, and decrease in notes and accounts receivable - trade were ¥1,173 million and ¥854 million, respectively.

### (Cash flows from investing activities)

Net cash used in investing activities was an inflow of ¥8,971 million (a year on year increase in inflow of ¥14,007 million), mainly attributable to capital expenditures of ¥1,593 million (a year on year decrease in outflow of ¥1,565 million), expenditures of ¥7,622 million from purchase of securities, and proceeds of ¥17,221 million from sales of shares of a subsidiary.

### (Cash flows from financing activities)

Net cash used in financing activities was ¥2,476 million (a year on year increase of outflow of ¥320 million). This was mainly attributable to payment of cash dividends of ¥2,450 million.

## (Reference) Cash Flow Indicators

	FY2016	FY2017	FY2018	FY2019	FY2020
Equity ratio (%)	83.2	84.4	84.5	82.8	88.9
Equity ratio based on fair value (%)	295.0	258.6	311.5	176.6	207.7
Cash flows interest-bearing debts ratio (years)	0.1	0.1	0.0	0.0	0.0
Interest coverage ratio (times)	607.6	1,398.3	3,801.3	21,567.6	28,694.2

Equity ratio: equity capital / total assets

Equity ratio based on fair value: total fair value / total assets

Cash flows interest-bearing liabilities ratio: interest-bearing debts / cash flows

Interest coverage ratio: cash flows / interest payments

(Note 1) All indicators are calculated using financial figures on a consolidated basis.

(Note 2) Total fair value is calculated based on number of shares outstanding after deducting treasury shares.

(Note 3) The "Cash flows from operating activities" was used as cash flows.

(Note 4) All interest-bearing debts on the Consolidated Balance Sheets were used as interest-bearing debts.

## (4) Future Outlook

## 1. Future Outlook

The COVID-19 pandemic has been affecting economic and social activities across the world. The business environment at home and abroad is expected to be increasingly challenging.

For the past decade, the Ariake Group has made large-scale capital expenditures of more than ¥20 billion across the globe to expand worldwide demand for natural seasonings and to have our products penetrate global markets. The results of these domestic and overseas capital expenditures are steadily being realized. Net sales of the Company in the FY2020 was ¥41,371 million, more than doubled from the FY2010 (¥20,183 million) and consolidated net sales increased to ¥52,329 million, approximately 2.3 times that in the FY2010 (¥22,893 million).

Our income also has steadily been growing, offsetting the increase in depreciation due to capital expenditures. The Company's net income was ¥6,633 million and net income attributable to shareholders of our parent company was ¥8,375 million in the FY2020. In the coming fiscal year, as well, we will make the most of our proprietary technologies and cutting-edge facilities, and will spare no effort in fully leveraging the unique qualities discussed above to maintain steady increase of its earnings.

In these circumstances, for the next consolidated fiscal year, the FY2021, we will develop new products and markets while understanding changes in consumer tastes in the domestic market, aiming at gaining greater market share.

We will also work to enhance sales in the Chinese and Taiwanese markets, where sales are expected to expand further, and strengthen channels for the export of ingredients from Indonesia to Japan while raising sales in Indonesia.

In Europe, we will strive to enhance sales by launching newly developed products and strengthening channels for the export of ingredients to Japan.

We will execute these initiatives to pursue further growth in FY2021. However, as the COVID-19 pandemic makes it difficult to provide reasonable financial forecasts at the moment, a forecast for FY2021 is yet to be determined. We will carefully assess the impact on our business and promptly release reasonable forecasts once they become available.

## 2. Response to and impact of COVID-19

## 1) Japan

At our No.1 and No.2 Kyushu Plants, we give top priority to our employees' safety, and maintain operations while ensuring measures to prevent the spread of the coronavirus, including strict safety checks (e.g., pre-work employee temperature checks), based on guidance from the national and local governments and our business continuity plan (BCP).

At our sales offices in Sapporo, Sendai, Tokyo, Nagoya, Osaka and Fukuoka and our headquarters, we have instructed 80% of our employees to work from home to ensure their safety and are committed to maintaining normal business activities. We have also advised employees to refrain from domestic and overseas business trips and actively use audio/video conferences.

2) Asia

Our plant in Qingdao (Shandong, China) suspended its operations from January 24, 2020 (the first day of the Chinese New Year holiday) to February 9, 2020 as instructed by the Chinese government. On February 10, 2020, almost all employees returned to work as permitted by the Chinese authorities and the plant resumed operations. No specific issues have been identified in the procurement of raw materials. Our customers in the food service industry are forced to close under guidance from the authorities and capacity utilization is down at users' factories, but sales to some of the processed food manufacturers, especially instant noodle manufacturers, remain strong.

Our plants in Taiwan (Pingtung) and Indonesia (Jawa Barat) have been operating as usual since the beginning of the year. No specific issues have been found in the procurement of raw materials, but some of our customers are affected by COVID-19 and we are scrutinizing the impact on our business in Asia.

3) Europe

Our three plants in Europe (Belgium, France and the Netherlands) remain in normal operation in accordance with guidance from the national and local governments. No specific issues have been identified in the procurement of raw materials. The lockdowns in France and other nations have affected some of our customers and we are scrutinizing the impact on our business.

At all of our overseas plants, we give top priority to the safety and health of employees, as is the case with our Kyushu Plants, and are committed to preventing the spread of the virus inside and outside our company. In locked down areas, we are working to maintain normal business activities by encouraging employees at sales offices to work from home.

## 2. Basic Approach to the Selection of Accounting Standards

In consideration of comparability of the consolidated financial statements over different accounting periods, the Group will prepare consolidated financial statements based on Japanese GAAP for the time being. For the application of International Financial Reporting Standards (IFRS), the Group will take adequate actions while paying attention to various situations inside and outside Japan.

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated Balance Sheets

	(Thousands of yen)	
	FY2019 (As of March 31, 2019)	FY2020 (As of March 31, 2020)
Assets		
Current assets		
Cash and deposits	32,043,385	41,904,934
Notes and accounts receivable - trade	*3 10,414,698	9,507,527
Securities	2,000,000	6,000,000
Merchandise and finished goods	3,481,308	4,044,351
Work in process	840,647	898,535
Raw materials and supplies	2,425,690	2,925,684
Accounts receivable - other	17,059,384	3,007,905
Others	586,341	2,251,832
Allowance for doubtful accounts	(1,157)	(1,157)
Total current assets	68,850,299	70,539,614
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,004,303	21,921,894
Accumulated depreciation	(12,497,864)	(12,871,468)
Buildings and structures, net	9,506,438	9,050,425
Machinery, equipment and vehicles	24,477,897	25,007,431
Accumulated depreciation	(19,503,488)	(20,160,912)
Machinery, equipment and vehicles, net	4,974,409	4,846,518
Land	4,587,383	4,610,825
Leased assets	118,282	118,253
Accumulated depreciation	(90,140)	(102,881)
Leased assets, net	28,141	15,372
Construction in progress	365,917	837,523
Others	1,126,376	1,180,259
Accumulated depreciation	(931,647)	(961,261)
Others, net	194,728	218,998
Total property, plant and equipment	19,657,018	19,579,664
Intangible assets		
Goodwill	451,244	343,735
Others	140,918	139,899
Total intangible assets	592,163	483,634
Investments and other assets		
Investment securities	*1 13,714,667	*1 12,895,994
Long-term loans receivable	14,700	12,748
Real estate for investment, net	*2 558,543	*2 571,863
Long-term accounts receivable - other	3,000,000	-
Deferred tax assets	10,630	10,064
Others	301,872	396,422
Allowance for doubtful accounts	(129)	(129)
Total investments and other assets	17,600,284	13,886,963
Total non-current assets	37,849,466	33,950,262
Total assets	106,699,766	104,489,877

(Thousands of yen)

	FY2019 (As of March 31, 2019)	FY2020 (As of March 31, 2020)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	*3 4,285,535	4,725,466
Lease obligations	14,110	11,625
Income taxes payable	7,425,753	285,180
Provision for bonuses	269,916	287,526
Provision for directors' bonuses	78,400	78,400
Others	2,086,572	1,955,602
Total current liabilities	14,160,288	7,343,801
Non-current liabilities		
Lease obligations	15,751	4,071
Deferred tax liabilities	1,974,145	1,963,069
Provision for directors' retirement benefits	136,796	145,821
Net defined benefit liability	1,234,749	1,353,395
Others	274,005	246,865
Total non-current liabilities	3,635,447	3,713,222
Total liabilities	17,795,735	11,057,024
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,095,096	7,095,096
Capital surplus	7,840,343	7,840,343
Retained earnings	69,596,355	75,521,791
Treasury shares	(2,095,860)	(2,098,406)
Total shareholders' equity	82,435,933	88,358,824
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,285,414	3,925,202
Foreign currency translation adjustment	738,760	632,343
Remeasurements of defined benefit plans	(66,454)	(68,375)
Total accumulated other comprehensive income	5,957,720	4,489,170
Non-controlling interests	510,376	584,857
Total net assets	88,904,030	93,432,852
Total liabilities and net assets	106,699,766	104,489,877

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

	(Thousands of yen)	
	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
Net sales	56,550,168	52,329,618
Cost of sales	*1, *3 36,643,958	*1, *3 32,985,612
Gross profit	19,906,210	19,344,006
Selling, general and administrative expenses	*2, *3 7,956,233	*2, *3 7,554,329
Operating income	11,949,976	11,789,676
Non-operating income		
Interest and dividend income	234,647	231,952
House rent income	35,085	32,432
Gain on valuation of derivatives	116,249	-
Foreign exchange gains	28,135	-
Amount of contributions accepted	96,717	-
Others	152,378	104,216
Total non-operating income	663,214	368,601
Non-operating expenses		
Interest expenses	449	63
Foreign exchange losses	-	192,125
Cost of lease revenue	15,739	13,843
Loss on retirement of non-current assets	32,481	16,300
Others	17,614	27,854
Total non-operating expenses	66,285	250,186
Ordinary income	12,546,905	11,908,091
Extraordinary income		
Gain on sales of shares of subsidiaries	*4 13,300,383	222,836
Total extraordinary income	13,300,383	222,836
Extraordinary losses		
Impairment loss	*5 94,923	-
Total extraordinary losses	94,923	-
Income before income taxes and minority interests	25,752,365	12,130,927
Income taxes - current	9,031,803	3,082,013
Income taxes - deferred	(56,216)	573,764
Total income taxes	8,975,586	3,655,778
Net income	16,776,779	8,475,149
Net income attributable to non-controlling interests	99,559	99,489
Net income attributable to shareholders of the parent company	16,677,219	8,375,660

## (Consolidated Statements of Comprehensive Income)

	(Thousands of yen)	
	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
Net income	16,776,779	8,475,149
Other comprehensive income		
Valuation difference on available-for-sale securities	634,521	(1,360,211)
Foreign currency translation adjustment	(186,011)	(121,720)
Remeasurements of defined benefit plans	3,799	(1,920)
Total other comprehensive income	452,308	(1,483,852)
Comprehensive income	17,229,087	6,991,297
Comprehensive income attributable to:		
Comprehensive income attributable to shareholders of the parent company	17,158,620	6,907,110
Comprehensive income attributable to non-controlling interests	70,467	84,186

## (3) Consolidated Statements of Changes in Equity

FY2019 (from April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,095,096	7,840,343	55,255,026	(2,088,405)	68,102,060
Changes of items during period					
Dividends of surplus			(2,100,241)		(2,100,241)
Net income attributable to shareholders of the parent company			16,677,219		16,677,219
Purchase of treasury shares				(7,455)	(7,455)
Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation			(235,650)		(235,650)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	14,341,328	(7,455)	14,333,872
Balance at end of current period	7,095,096	7,840,343	69,596,355	(2,095,860)	82,435,933

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4,650,893	895,680	(70,253)	5,476,319	449,304	74,027,684
Changes of items during period						
Dividends of surplus						(2,100,241)
Net income attributable to shareholders of the parent company						16,677,219
Purchase of treasury shares						(7,455)
Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation						(235,650)
Net changes of items other than shareholders' equity	634,521	(156,919)	3,799	481,400	61,072	542,472
Total changes of items during period	634,521	(156,919)	3,799	481,400	61,072	14,876,345
Balance at end of current period	5,285,414	738,760	(66,454)	5,957,720	510,376	88,904,030

FY2020 (from April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,095,096	7,840,343	69,596,355	(2,095,860)	82,435,933
Changes of items during period					
Dividends of surplus			(2,450,223)		(2,450,223)
Net income attributable to shareholders of the parent company			8,375,660		8,375,660
Purchase of treasury shares				(2,545)	(2,545)
Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	5,925,436	(2,545)	5,922,890
Balance at end of current period	7,095,096	7,840,343	75,521,791	(2,098,406)	88,358,824

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5,285,414	738,760	(66,454)	5,957,720	510,376	88,904,030
Changes of items during period						
Dividends of surplus						(2,450,223)
Net income attributable to shareholders of the parent company						8,375,660
Purchase of treasury shares						(2,545)
Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation						—
Net changes of items other than shareholders' equity	(1,360,211)	(106,417)	(1,920)	(1,468,549)	74,480	(1,394,068)
Total changes of items during period	(1,360,211)	(106,417)	(1,920)	(1,468,549)	74,480	4,528,822
Balance at end of current period	3,925,202	632,343	(68,375)	4,489,170	584,857	93,432,852

## (4) Consolidated Statements of Cash Flows

	(Thousands of yen)	
	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Income before income taxes and minority interests	25,752,365	12,130,927
Depreciation	1,981,191	1,597,208
Amortization of goodwill	94,999	91,662
Increase (decrease) in allowance for doubtful accounts	(641)	-
Increase (decrease) in net defined benefit liability	71,585	116,725
Increase (decrease) in provision for directors' retirement benefits	10,685	9,025
Increase (decrease) in provision for directors' bonuses	8,400	-
Increase (decrease) in provision for bonuses	14,915	17,312
Interest and dividend income	(234,647)	(231,952)
Interest expenses	449	63
Foreign exchange losses (gains)	24,764	190,312
Loss (gain) on valuation of derivatives	(116,249)	-
Amount of contributions accepted	(96,717)	-
Loss on retirement of non-current assets	32,481	16,300
Loss (gain) on sales of shares of subsidiaries	(13,300,383)	(222,836)
Impairment loss	94,923	-
Decrease (increase) in notes and accounts receivable - trade	(569,122)	854,398
Decrease (increase) in inventories	(396,271)	(1,173,291)
Increase (decrease) in notes and accounts payable - trade	(445,575)	429,827
Increase (decrease) in accrued consumption taxes	(46,237)	(22,644)
Decrease (increase) in other assets	(100,183)	(1,675,807)
Increase (decrease) in other liabilities	451,544	(616,920)
Subtotal	13,232,276	11,510,311
Interest and dividend income received	231,909	235,306
Interest expenses paid	(449)	(63)
Amount of contributions received	96,717	-
Income taxes paid	(3,855,595)	(9,768,541)
Net cash provided by operating activities	9,704,858	1,977,013
Cash flows from investing activities		
Proceeds from sale of securities	500,000	2,500,000
Net decrease (increase) in time deposits	-	(1,495,620)
Purchase of property, plant and equipment	(3,158,883)	(1,593,632)
Proceeds from sales of property, plant and equipment	57,899	-
Purchase of intangible assets	(29,476)	(22,055)
Purchase of investment securities	(2,006,672)	(7,622,268)
Payments of loans receivable	(2,019)	-
Collection of loans receivable	6,163	2,211
Purchase of investment property	-	(18,500)
Proceeds from sales of shares of subsidiaries	-	17,221,188
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation *2	(403,329)	-
Net cash used in investing activities	(5,036,320)	8,971,323
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(23,088)	-
Purchase of treasury shares	(7,455)	(2,545)
Cash dividends paid	(2,100,972)	(2,450,250)
Dividends paid to non-controlling interests	(9,395)	(9,705)
Others	(14,966)	(14,218)
Net cash used in financing activities	(2,155,878)	(2,476,719)
Effect of exchange rate change on cash and cash equivalents	(285,578)	(110,068)
Net increase (decrease) in cash and cash equivalents	2,227,080	8,361,549
Cash and cash equivalents at beginning of period	17,316,304	19,543,385
Cash and cash equivalents at end of period	*1 19,543,385	*1 27,904,934

## (5) Notes on the Consolidated Financial Statements

### (Notes on the Going Concern Assumption)

There is nothing to report.

### (Basic Important Matters to Prepare the Consolidated Financial Statements)

#### 1. Matters relating to the scope of consolidation

##### (1) Consolidated subsidiary companies: 7

Name of the major consolidated subsidiaries

A.C.C. Co., Ltd.

Qingdao Ariake Foodstuff Co., Ltd.

Taiwan Ariake Foods Co., Ltd.

F. P. Natural Ingredients S.A.S.

Ariake Europe N.V.

Henningsen Nederland B.V.

PT. Ariake Europe Indonesia

Dear. SOUP Co., Ltd. has been excluded from the scope of consolidation as the liquidation was completed during the fiscal year under review.

##### (2) Name of the major non-consolidated subsidiary:

Major non-consolidated subsidiaries

Ariake Farm Co., Ltd.

(Reason to exclude from the scope of consolidation)

The non-consolidated subsidiary Ariake Farm Co., Ltd. is a small company, and its total assets, net sales, net income or loss (corresponding to equity) and retained earnings (corresponding to equity) did not have a significant influence on the Consolidated Financial Statements.

#### 2. Matters relating to subsidiaries and affiliates adopting the equity method

##### (1) Number and names of companies adopting equity method

Non-consolidated subsidiaries: None

Affiliated companies: None

##### (2) Non-consolidated subsidiaries that are not using the equity method:

Considering the net income or loss (corresponding to equity) and retained earnings (corresponding to equity), Ariake Farm Co., Ltd. had an insignificant influence on the Consolidated Financial Statements. Since it was not financially important overall, it was excluded from the scope of application of the equity method.

#### 3. Matters relating to business year of consolidated subsidiaries

The closing day of Qingdao Ariake Foodstuff Co., Ltd., Taiwan Ariake Foods Co., Ltd., F. P. Natural Ingredients S.A.S., Ariake Europe N.V., Henningsen Nederland B.V. and PT. Ariake Europe Indonesia is December 31. Although the Company adopted all the subsidiaries' financial statements as of December 31 to prepare for the Consolidated Financial Statements, any significant transactions accrued in the period from that date to the consolidated book closing day were adjusted according to consolidation requirements.

#### 4. Matters relating to accounting policies

##### (1) Valuation standards and methods for important assets

###### (i) Securities

###### (a) Held-to-maturity securities

Amortized cost method (straight-line method)

###### (b) Other securities

###### 1) Securities with market price

Mark-to-market method based on the market price as of the closing day of accounts (All the valuation differences were incorporated directly into the net assets and costs for sale were computed with the moving average method.)

2) Securities without market price

Cost method under the moving average method

(ii) Derivatives

Mark-to-market method

(iii) Major inventories

(a) Merchandise

Mainly, identified cost method

(b) Products

Mainly, identified cost method

(c) Raw materials

Mainly, cost method under the moving average method

(d) Work in process

Mainly, identified cost method

(e) Supplies

Last cost method

(Amounts on the balance sheets were calculated by the method of writing down the book value in accordance with a decline in profitability.)

(2) Depreciation method for important depreciable assets

(i) Property, plant and equipment (except for leased assets)

(a) Domestic companies: Declining balance method

However, a straight-line method was used for buildings (except attached equipment) acquired or put into business use after April 1, 1998, and attached equipment to buildings and structures acquired on or later than April 1, 2016.

Small-amount depreciable assets of which the acquisition price was ¥100,000 or more and less than ¥200,000 were and will be depreciated evenly over 3 years.

Useful lives of major assets were as follows:

Buildings and structures: 7 to 50 years

Machines, devices and delivery equipment: 2 to 10 years

(b) Overseas subsidiaries: Straight-line method based on the estimated useful life

(ii) Intangible assets (except for leased assets): Straight-line method

Software for internal use is amortized over its estimated useful life of 5 years, using the straight-line method.

(iii) Leased assets

Finance leased assets that do not transfer ownership are depreciated using the straight-line method over the period of the lease with zero residual value.

(iv) Real estate for investment: Declining balance method

(3) Standards for significant allowances

(i) Allowance for doubtful accounts

To prepare against losses from bad debts, the amount estimated based on the actual loss ratio was reserved for ordinary receivables, and the amount of possible losses is included in the reserve considering the collectability of individual doubtful accounts.

(ii) Provision for employees' bonuses

Except for the foreign subsidiaries, the Company has reserved and recorded the estimated amount of the bonuses to prepare for payment to employees.

(iii) Provision for directors' bonuses

The Company has reserved and recorded as the current fiscal year's Company's contribution a part of the estimated amount of directors' bonuses to prepare for payment to directors.

(iv) Provision for directors' retirement benefits

To prepare for payment of directors' retirement benefits, the Company has reserved and recorded the required amounts as of the end of the term based on the internal regulations regarding directors' retirement benefits.

(4) Accounting method for retirement benefits

(i) Period corresponding method for the projected retirement benefits

For the calculation of the retirement benefit obligations, the benefit formula standard is applied as a period corresponding method to determine projected retirement benefits up to the current consolidated fiscal year.

(ii) Accounting method for actuarial gains and losses and prior service costs

Prior service costs are treated as expenses and amortized, using the straight-line method based on a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of accrual.

Actuarial gains and losses are treated as expenses, and amortized from the following fiscal year in which the gain or loss is recognized using the straight-line method over a certain period (mainly 5 years) within the average remaining years of service of the employees.

(iii) Application of the simplified method for small companies, etc.

The Company uses the simplified method for the calculation of projected retirement benefit obligations and expenses, which assumes the Company's retirement benefit obligations to be equal to the benefits payable for the voluntary retirement at fiscal year-end, for its junior employees.

(5) Standards for converting significant foreign currency denominated assets and liabilities into Japanese yen

Receivables and payables denominated in foreign currencies were converted to Japanese yen using the spot exchange rate for the closing day of the consolidated period, and differences were recorded as gains or losses.

The assets and liabilities, as well as income and expenses, of foreign subsidiaries were converted to Japanese yen using the spot exchange rate for the closing day of the consolidated period and differences were included in the adjustment account for foreign currency exchange or non-controlling interests under net assets.

(6) Amortization method and period for goodwill

A straight-line method is adopted to amortize goodwill for a period of 10 years.

(7) Scope of cash in the Consolidated Statements of Cash Flows

Cash (cash and cash equivalents) in the Consolidated Statements of Cash Flows consist of cash on hand, deposits withdrawable at any time and short-term investments convertible easily into cash and repayable within 3 months after acquisition, with little risk for price fluctuation.

(8) Other important matters to prepare the Consolidated Financial Statements

Accounting of the consumption tax

The Company applied the tax-exclusion accounting method.

## (Consolidated Balance Sheets)

\*1. Items accounted in non-consolidated subsidiaries and affiliated companies are as follows:

	FY2019 (As of March 31, 2019)	FY2020 (As of March 31, 2020)
	(Thousands of yen)	(Thousands of yen)
Investment securities (stocks)	1,500	1,500

\*2. Accumulated depreciation of investments in real estates

	FY2019 (As of March 31, 2019)	FY2020 (As of March 31, 2020)
	(Thousands of yen)	(Thousands of yen)
Accumulated depreciation of investments in real estates	200,253	205,433

\*3. Notes maturing at the end of the consolidated fiscal year

Notes maturing at the end of the consolidated fiscal year are deemed to have been settled on the date of maturity. As March 31, 2019 fell on a day when financial institutions were closed, the following notes that matured on March 31, 2019 are deemed to have been settled on the date of maturity.

	FY2019 (As of March 31, 2019)	FY2020 (As of March 31, 2020)
	(Thousands of yen)	(Thousands of yen)
Notes receivable	82,268	–
Notes payable	84,309	–

\*4. Contingent liabilities

Guarantee of liabilities was applied to the following obligations by non-consolidated companies.

	FY2019 (As of March 31, 2019)	FY2020 (As of March 31, 2020)
Ariake Farm Co., Ltd.	(Thousands of yen)	(Thousands of yen)
Indebtedness to financial institutions	71,560	14,440
Guarantee of liabilities related to overdraft facility	150,000	150,000

## (Consolidated Statements of Income)

\*1. Ending inventories were calculated by writing down the book value in accordance with a decline in profitability and the following loss on valuation of inventories was included in cost of sales.

FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
(Thousands of yen)	(Thousands of yen)
(33,599)	67,012

\*2. Major items and amounts under selling, general and administrative expenses are as follows:

	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
	(Thousands of yen)	(Thousands of yen)
Salary and bonuses	1,169,071	1,133,678
Packing and transportation expenses	3,154,657	3,189,943
Depreciation	106,981	72,082
Provision for bonuses	56,333	65,483
Provision for directors' bonuses	78,400	78,400
Retirement benefit expenses	43,809	56,561
Provision for directors' retirement benefits	10,685	9,025

\*3. The total amount of research and development expenses included in general and administrative expenses and manufacturing cost of the current term is as follows:

	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
	(Thousands of yen)	(Thousands of yen)
General and administrative expenses	384,909	402,967
Manufacturing cost of the current term	30,779	19,044

\*4. Gain on sales of shares of subsidiaries

FY2019 (from April 1, 2018 to March 31, 2019)

This is due to the sales of all shares of Ariake U.S.A., Inc., a consolidated subsidiary of the Company.

\*5. Impairment loss

The Ariake group recorded impairment loss on the following group of assets in the FY2019.

Location	Purpose of use	Category	Impairment loss
Sasebo city, Nagasaki prefecture	Real estate for rent	Investment property (land and buildings)	¥94,923 thousand

The Ariake group's assets are basically grouped by operation unit based on the categorization for management accounting purposes, whereas real estate for rent and idle assets are grouped on an individual basis.

In the FY2019, the book value of real estate for rent to be sold or demolished was reduced to the recoverable value, and the reduced amount was recorded as an impairment loss under extraordinary losses.

The impairment amount consisted of ¥76,624 thousand on land and ¥18,299 thousand on buildings.

The recoverable amount of this asset group was measured by the net realizable value, and the recoverable amount of assets to be demolished was measured at memorandum value. Net realizable value was determined by an appraisal value prepared by a real estate appraiser.

## (Consolidated Statements of Comprehensive Income)

\* Other comprehensive income reclassification adjustments and tax effects

(Thousands of yen)

	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
Valuation difference on available-for-sale securities:		
Accrued amount during the period	905,424	(1,940,941)
Reclassification adjustments	-	-
Before tax effect adjustment	905,424	(1,940,941)
Tax effects	(270,902)	580,729
Valuation difference on available-for-sale securities	634,521	(1,360,211)
Foreign currency translation adjustment:		
Accrued amount during the period	(1,032,639)	(121,720)
Reclassification adjustments	846,627	-
Before tax effect adjustment	(186,011)	(121,720)
Tax effects	-	-
Foreign currency translation adjustment	(186,011)	(121,720)
Remeasurements of defined benefit plans:		
Amount recognized during the current fiscal year	(34,538)	(54,197)
Reclassification adjustments	39,959	51,457
Before tax effect adjustment	5,420	(2,740)
Tax effects	(1,621)	819
Remeasurements of defined benefit plans	3,799	(1,920)
Total other comprehensive income	452,308	(1,483,852)

## (Consolidated Statements of Changes in Equity)

FY2019 (from April 1, 2018 to March 31, 2019)

## 1. Items regarding the type and number of shares outstanding and the type and number of treasury shares

(Thousands of shares)

	Number of shares as of April 1, 2018	Increased number of shares (April 1, 2018 to March 31, 2019)	Decreased number of shares (April 1, 2018 to March 31, 2019)	Number of shares as of March 31, 2019
Outstanding shares				
Common stock	32,808	–	–	32,808
Total	32,808	–	–	32,808
Treasury shares				
Common stock <sup>(Note)</sup>	986	0	–	987
Total	986	0	–	987

Note: The increase in common stock in treasury was due to the acquisition of shares of less than one unit.

## 2. Matters regarding subscription rights to shares and treasury subscription rights to shares

There is nothing to report.

## 3. Items regarding dividends

## (1) Amount of dividends paid

Resolution	Type of stock	Total amount of dividends (thousand yen)	Dividends per share (yen)	Record date	Effective date
June 22, 2018 Annual meeting of shareholders	Common stock	1,463,811	46.0	March 31, 2018	June 25, 2018
November 8, 2018 Board of Directors Meeting	Common stock	636,430	20.0	September 30, 2018	December 4, 2018

## (2) Dividends for which the record date fell in current consolidated fiscal year and the effective date fell in the following year

Resolution	Type of stock	Total amount of dividends (thousand yen)	Fiscal resources of dividends	Dividends per share (yen)	Record date	Effective date
June 21, 2019 Annual meeting of shareholders	Common stock	1,813,805	Retained earnings	57.0	March 31, 2019	June 24, 2019

FY2020 (from April 1, 2019 to March 31, 2020)

## 1. Items regarding the type and number of shares outstanding and the type and number of treasury shares

(Thousands of shares)

	Number of shares as of April 1, 2019	Increased number of shares (April 1, 2019 to March 31, 2020)	Decreased number of shares (April 1, 2019 to March 31, 2020)	Number of shares as of March 31, 2020
Outstanding shares				
Common stock	32,808	–	–	32,808
Total	32,808	–	–	32,808
Treasury shares				
Common stock <sup>(Note)</sup>	987	0	–	987
Total	987	0	–	987

Note: The increase in common stock in treasury was due to the acquisition of shares of less than one unit.

## 2. Matters regarding subscription rights to shares and treasury subscription rights to shares

There is nothing to report.

## 3. Items regarding dividends

## (1) Amount of dividends paid

Resolution	Type of stock	Total amount of dividends (thousand yen)	Dividends per share (yen)	Record date	Effective date
June 21, 2019 Annual meeting of shareholders	Common stock	1,813,805	57.00	March 31, 2019	June 24, 2019
November 8, 2019 Board of Directors Meeting	Common stock	636,417	20.00	September 30, 2019	December 3, 2019

## (2) Dividends for which the record date fell in current consolidated fiscal year and the effective date will fall in the following year

Resolution	Type of stock	Total amount of dividends (thousand yen)	Fiscal resources of dividends	Dividends per share (yen)	Record date	Effective date
June 19, 2020 Annual meeting of shareholders	Common stock	1,813,787	Retained earnings	57.00	March 31, 2020	June 22, 2020

## (Consolidated Statements of Cash Flows)

## \*1. Relation between the ending balance of cash and cash equivalents and the accounts on the Consolidated Balance Sheets

	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
	(Thousands of yen)	(Thousands of yen)
Cash and deposits	32,043,385	41,904,934
Time deposits with maturities longer than 3 months	(12,500,000)	(14,000,000)
Cash and cash equivalents	19,543,385	27,904,934

## \*2. Summary of assets and liabilities excluded from consolidation following the sales of subsidiaries' shares

The following is a summary of the transferred assets and liabilities of Ariake U.S.A., Inc. at the time of sale, proceeds from the sales of shares, and the resulting net cash outflow.

	(Thousands of yen)
Current assets	1,869,616
Non-current assets	4,687,906
Current liabilities	(202,725)
Non-current liabilities	(466,158)
Foreign currency translation adjustment	846,627
Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation	(235,650)
Expenses incidental to sales of shares	200,000
Gain on sales of shares of subsidiaries	13,300,383
Proceeds from sales of shares	20,000,000
Accounts receivable - other	(16,798,352)
Long-term accounts receivable - other	(3,000,000)
Expenses incidental to sales of shares	(200,000)
Cash and cash equivalents	(404,977)
Net payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(403,329)

## (Securities)

## 1. Held-to-maturity securities

FY2019 (as of March 31, 2019)

(Thousands of yen)

	Type	Carrying amount on the Consolidated Balance Sheets	Fair value	Difference
Securities whose fair value exceed their carrying amount on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Others	2,500,000	2,515,050	15,050
	Subtotal	2,500,000	2,515,050	15,050
Securities whose fair value do not exceed their carrying amount on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Others	2,500,000	2,497,800	(2,200)
	Subtotal	2,500,000	2,497,800	(2,200)
Total		5,000,000	5,012,850	12,850

FY2020 (as of March 31, 2020)

(Thousands of yen)

	Type	Carrying amount on the Consolidated Balance Sheets	Fair value	Difference
Securities whose fair value exceed their carrying amount on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Others	4,500,000	4,509,120	9,120
	Subtotal	4,500,000	4,509,120	9,120
Securities whose fair value do not exceed their carrying amount on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Others	5,500,000	5,441,460	(58,540)
	Subtotal	5,500,000	5,441,460	(58,540)
Total		10,000,000	9,950,580	(49,420)

## 2. Other securities

FY2019 (as of March 31, 2019)

(Thousands of yen)

	Type	Carrying amount on the Consolidated Balance Sheets	Acquisition costs	Difference
Securities whose carrying amount on the Consolidated Balance Sheets exceed acquisition costs	(1) Stocks	10,528,453	2,984,784	7,543,669
	(2) Bonds			
	1) Government and municipal bonds, etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	—	—	—
	(3) Others	—	—	—
	Subtotal	10,528,453	2,984,784	7,543,669
Securities whose carrying amount on the Consolidated Balance Sheets do not exceed acquisition costs	(1) Stocks	58,799	60,496	(1,696)
	(2) Bonds			
	1) Government and municipal bonds etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	—	—	—
	(3) Others	—	—	—
	Subtotal	58,799	60,496	(1,696)
Total		10,587,252	3,045,280	7,541,972

Note: Unlisted equity securities (with a carrying amount of ¥125,915 thousand recorded on the Consolidated Balance Sheets) are not included in the above "Other securities," since there is no quoted market price and it is very difficult to determine their fair values.

FY2020 (as of March 31, 2020)

(Thousands of yen)

	Type	Carrying amount on the Consolidated Balance Sheets	Acquisition costs	Difference
Securities whose carrying amount on the Consolidated Balance Sheets exceed acquisition costs	(1) Stocks	8,318,557	2,620,794	5,697,762
	(2) Bonds			
	1) Government and municipal bonds, etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	—	—	—
	(3) Others	—	—	—
	Subtotal	8,318,557	2,620,794	5,697,762
Securities whose carrying amount on the Consolidated Balance Sheets do not exceed acquisition costs	(1) Stocks	450,022	546,754	(96,731)
	(2) Bonds			
	1) Government and municipal bonds etc.	—	—	—
	2) Corporate bonds	—	—	—
	3) Others	—	—	—
	(3) Others	—	—	—
	Subtotal	450,022	546,754	(96,731)
Total		8,768,579	3,167,548	5,601,031

Note: Unlisted equity securities (with a carrying amount of ¥125,915 thousand recorded on the Consolidated Balance Sheets) are not included in the above "Other securities," since there is no quoted market price and it is very difficult to determine their fair values.

## 3. Other securities sold

FY2019 (April 1, 2018–March 31, 2019)

There is nothing to report.

FY2020 (April 1, 2019–March 31, 2020)

There is nothing to report.

(Derivative Transactions)

There is nothing to report.

(Retirement Benefits)

## 1. Outline of the retirement benefits system employed by the Company

The Company has a retirement lump-sum payment plan and a defined-benefit corporate pension plan in place for its regular employees and a retirement lump-sum payment plan for its junior employees. Some consolidated subsidiaries adopt defined contribution pension plans.

For the retirement lump-sum payment plan for junior employees, retirement benefit obligations and retirement benefit expenses are calculated using the simplified method.

## 2. Defined benefits system

## (1) Reconciliation table for beginning and ending balances of retirement benefits obligations

	(Thousands of yen)	
	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
Beginning balance of retirement benefits obligations	2,110,784	2,229,889
Employment expenses	141,203	149,314
Interest expenses	15,046	15,878
Amortization of net actuarial gains or losses	19,857	45,379
Payment of retirement benefits	(57,002)	(28,587)
Ending balance of retirement benefits obligations	2,229,889	2,411,873

## (2) Reconciliation table for beginning and ending balances of pension assets

	(Thousands of yen)	
	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
Beginning balance of pension assets	970,544	1,020,873
Expected return on plan assets	14,558	15,313
Amortization of net actuarial gains or losses	(14,681)	(8,817)
Employer's contribution	73,192	78,788
Payment of retirement benefits	(22,740)	(20,374)
Ending balance of pension assets	1,020,873	1,085,783

## (3) Reconciliation table for beginning and ending balances of retirement benefit obligations calculated using the simplified method

	(Thousands of yen)	
	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
Beginning balance of retirement benefit obligations	28,344	25,734
Retirement benefit expenses	4,367	13,114
Retirement benefits paid	(6,977)	(11,542)
Ending balance of retirement benefit obligations	25,734	27,305

## (4) Reconciliation table for ending balance of retirement benefits obligations and pension assets, and liabilities concerning retirement benefits and assets concerning retirement benefits posted on the Consolidated Balance Sheets

	(Thousands of yen)	
	FY2019 (as of March 31, 2019)	FY2020 (as of March 31, 2020)
Retirement benefits obligations on the funded scheme	1,416,888	1,522,213
Pension assets	(1,020,873)	(1,085,783)
	396,014	436,429
Retirement benefits obligations on the non-funded scheme	838,735	916,965
Net amount of liabilities and assets reported in the Consolidated Balance Sheets	1,234,749	1,353,395
Liabilities concerning retirement benefits	1,234,749	1,353,395
Net amount of liabilities and assets reported in the Consolidated Balance Sheets	1,234,749	1,353,395

Note: Plans to which the simplified method has been applied are included.

## (5) Amounts of retirement benefits expenses and their components

	(Thousands of yen)	
	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
Employment expenses	141,203	149,314
Interest expenses	15,046	15,878
Expected return on plan assets	(14,558)	(15,313)
Amortization of net actuarial gains or losses	39,959	51,457
Retirement benefit expenses calculated by the simplified method	4,367	13,114
Retirement benefits expenses concerning defined benefit system	186,017	214,450

## (6) Accumulated adjustments concerning retirement benefits

The breakdown of items (before income taxes) posted on the accumulated adjustments concerning retirement benefits are as follows:

	(Thousands of yen)	
	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
Prior service costs	-	-
Actuarial gains and losses	5,420	(2,740)
Total	5,420	(2,740)

## (7) Accumulated adjustments concerning retirement benefits

The breakdown of items (before income taxes) posted on the accumulated adjustments concerning retirement benefits are as follows:

	(Thousands of yen)	
	FY2019 (as of March 31, 2019)	FY2020 (as of March 31, 2020)
Unrecognized prior service costs	-	-
Unrecognized actuarial gains and losses	(94,827)	(97,567)
Total	(94,827)	(97,567)

## (8) Matters relating to pension assets

## 1) Principal components of pension assets

The proportion of principal categories concerning the total pension assets is as follows:

	FY2019 (as of March 31, 2019)	FY2020 (as of March 31, 2020)
Bonds	– %	– %
Stocks	–	–
Cash and deposits	–	–
Others	100	100
Total	100	100

## 2) Configuration method of long-term expected rate of return

In determining long-term expected rate of return on pension assets, allocation of current and projected pension assets and present and future long-term rate of return on a variety of assets comprising pension assets are considered.

## (9) Matters relating to the basis of the actuarial calculation

The basis of the principal actuarial calculation (calculated using the weighted average).

	FY2019 (as of March 31, 2019)	FY2020 (as of March 31, 2020)
Discount rate	0.6 to 0.9%	0.6 to 0.9%
Long-term expected rate of return	1.5%	1.5%
Expected rate of salary increases	2.0%	2.0%

## 3. Defined contribution plans

The amount contributed to defined contribution plans of the consolidated subsidiaries was ¥18,557 thousand for the previous consolidated fiscal year and ¥11,194 thousand for the current consolidated fiscal year.

(Segment Information, etc.)

[Segment information]

1. Overview of reportable segments

In accordance with aggregation criteria for reportable segments, the Company's businesses are aggregated into the segment "manufacturing and sales of natural seasoning." Therefore, the Ariake Group has only one reportable segment of the natural seasonings business.

2. Method of calculations of sales, income (loss), assets, liabilities, and other items by reportable segment

The Ariake Group has only one reportable segment of the natural seasonings business, so information is omitted.

3. Information on sales, income (loss), assets, liabilities, and other items by reportable segment

The Ariake Group has only one reportable segment of the natural seasonings business, so information is omitted.

4. Difference between total amount of reportable segment and amount recorded on consolidated financial statements and its details about the difference (matters relating to difference adjustment)

The Ariake Group has only one reportable segment of the natural seasonings business, so information is omitted.

[Related information]

FY2019 (from April 1, 2018 to March 31, 2019)

1. Information by product and service

Information by product and service is omitted because external sales by products and services account for more than 90% of total net sales stated at the Consolidated Statements of Income.

2. Information by geographic segment

(1) Sales

(Thousands of yen)

Japan	North America	Europe	Asia	Total
39,454,516	6,860,494	3,496,088	6,739,069	56,550,168

(2) Property, plant and equipment

(Thousands of yen)

Japan	North America	Europe	Asia	Total
11,274,723	—	3,817,629	4,564,665	19,657,018

3. Information by major client

(Thousands of yen)

Name	Sales	Segment name
Vendor Services Co., Ltd.	6,553,070	Natural seasonings business

FY2020 (from April 1, 2019 to March 31, 2020)

## 1. Information by product and service

Information by product and service is omitted because external sales by products and services account for more than 90% of total net sales stated at the Consolidated Statements of Income.

## 2. Information by geographic segment

## (1) Sales

(Thousands of yen)

Japan	North America	Europe	Asia	Total
41,672,974	–	3,673,426	6,983,217	52,329,618

## (2) Property, plant and equipment

(Thousands of yen)

Japan	North America	Europe	Asia	Total
11,000,915	–	4,190,239	4,388,509	19,579,664

## 3. Information by major client

(Thousands of yen)

Name	Sales	Segment name
Vendor Services Co., Ltd.	7,883,714	Natural seasonings business

[Information on impairment loss of non-current assets by reportable segment]

FY2019 (from April 1, 2018 to March 31, 2019)

There is no impairment loss allocated to reportable segments.

An impairment loss of ¥94,923 thousand following a decline in recoverable value of real estate for investment is recorded as an impairment loss not allocated to reportable segments.

FY2020 (from April 1, 2019 to March 31, 2020)

There is nothing to report.

[Information on amortization and unamortization of goodwill by reportable segment]

FY2019 (from April 1, 2018 to March 31, 2019)

The Ariake Group has only one reportable segment of the natural seasonings business, so information is omitted.

FY2020 (from April 1, 2019 to March 31, 2020)

The Ariake Group has only one reportable segment of the natural seasonings business, so information is omitted.

[Information on accrual profit of negative goodwill by reportable segment]

FY2019 (from April 1, 2018 to March 31, 2019)

There is nothing to report.

FY2020 (from April 1, 2019 to March 31, 2020)

There is nothing to report.

## (Information on the Related Parties)

## Transaction with related parties

## (1) Transaction between the Company and related parties

## a) Non-consolidated subsidiaries and affiliated companies, etc. of the Company

FY2019 (from April 1, 2018 to March 31, 2019)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Subsidiary	Ariake Farm Co., Ltd.	Sasebo City, Nagasaki	15,100	Farming	9.9 (Direct) 89.4 (Indirect)	Purchase of raw materials	Purchase of raw materials	624,546	Accounts payable - trade Advance payments - trade	74,491 120,000
							Guarantee of liabilities	221,560	-	-

Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.

2. The same terms and conditions as those for general clients are applied.

3. The Company has provided guarantees to Ariake Farm Co., Ltd. for its borrowings from financial institutions. The Company has not received guarantee fees from this subsidiary.

FY2020 (from April 1, 2019 to March 31, 2020)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Subsidiary	Ariake Farm Co., Ltd.	Sasebo City, Nagasaki	15,100	Farming	9.9 (Direct) 89.4 (Indirect)	Purchase of raw materials	Purchase of raw materials	747,099	Accounts payable - trade Advance payments - trade	75,462 140,000
							Guarantee of liabilities	164,440	-	-

Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.

2. The same terms and conditions as those for general clients are applied.

3. The Company has provided guarantees to Ariake Farm Co., Ltd. for its borrowings from financial institutions. The Company has not received guarantee fees from this subsidiary.

## b) Directors, major shareholders, etc. of the Company

FY2019 (from April 1, 2018 to March 31, 2019)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Companies in which directors or close relatives hold more than 50% of voting rights (including company subsidiaries)	Hill Top Food System Co., Ltd.	Fukuoka City, Fukuoka	30,000	Operation of restaurants	None	Sales of merchandise Leasing of facilities	Sales of merchandise	121,765	Accounts receivable - trade	21,336
							Receiving of facility usage fees	1,200	Advances received	108

Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.

2. The same terms and conditions as those for general clients are applied.

## FY2020 (from April 1, 2019 to March 31, 2020)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Companies in which directors or close relatives hold more than 50% of voting rights (including company subsidiaries)	Hill Top Food System Co., Ltd.	Fukuoka City, Fukuoka	30,000	Operation of restaurants	None	Sales of merchandise Leasing of facilities	Sales of merchandise	119,283	Accounts receivable - trade	22,632
							Receiving of facility usage fees	1,200	Advances received	110

Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.

2. The same terms and conditions as those for general clients are applied.

## (2) Transactions between consolidated subsidiaries of the Company and related parties

## a) Directors and major shareholders of the Company

## FY2019 (from April 1, 2018 to March 31, 2019)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Director Major shareholder	Kineo Okada	-	-	Advisor of the Company	Direct (Directly held) 0.00	Acceptance of contributions	Acceptance of contributions	96,717	-	-

Note: The Director offered to personally pay for the nonrecurring expenses that were incurred in consolidated subsidiaries, and the Company accepted the offer.

## FY2020 (from April 1, 2019 to March 31, 2020)

There is nothing to report.

## (Per Share Information)

	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
Net assets per share	2,777.83	2,917.83
Net income per share	524.09	263.21

(Yen)

Notes: 1. Diluted net income per share is not reported because these are not residual securities.

2. Basis for calculation of net income per share is as follows:

(Thousands of yen)

	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
Net income attributable to shareholders of the parent company	16,677,219	8,375,660
Amount not attributed to common shareholders	—	—
Net income attributable to shareholders of the parent company with regard to common shares	16,677,219	8,375,660
Average number of shares outstanding during the fiscal years (thousand shares)	31,821	31,820

## (Important Subsequent Events)

There is nothing to report.

#### 4. Non-consolidated Financial Statements and Major Notes

##### (1) Non-consolidated Balance Sheets

	(Thousands of yen)	
	FY2019 (As of March 31, 2019)	FY2020 (As of March 31, 2020)
Assets		
Current assets		
Cash and deposits	26,572,302	34,132,754
Notes receivable - trade	256,874	257,670
Accounts receivable - trade	8,005,985	6,910,181
Securities	2,000,000	6,000,000
Merchandise and finished goods	2,445,204	2,775,777
Work in process	608,218	614,609
Raw materials and supplies	2,033,082	2,436,591
Advance payments - trade	325,969	430,782
Prepaid expenses	76,936	77,624
Short-term loans receivable from subsidiaries and associates	-	278,910
Accounts receivable - other	17,059,474	3,005,594
Others	37,258	1,682,174
Allowance for doubtful accounts	(1,082)	(1,082)
Total current assets	59,420,225	58,601,588
Non-current assets		
Property, plant and equipment		
Buildings	4,547,227	4,339,414
Structures	208,567	192,065
Machinery and equipment	2,305,793	2,069,530
Vessels	422	314
Vehicles	34,084	38,155
Tools, furniture and fixtures	110,047	116,262
Land	4,017,632	4,046,825
Leased assets	23,698	12,596
Construction in progress	25,738	184,897
Total property, plant and equipment	11,273,213	11,000,061
Intangible assets		
Software	30,302	41,310
Telephone subscription rights	7,139	7,139
Total intangible assets	37,441	48,450
Investments and other assets		
Investment securities	13,713,167	12,894,494
Shares of subsidiaries and associates	12,051,326	12,051,326
Investments in capital of subsidiaries and associates	691,477	691,477
Long-term loans receivable from employees	14,700	12,748
Long-term loans receivable from subsidiaries and associates	1,328,730	1,599,569
Long-term prepaid expenses	19,038	98,852
Real estate for investment	558,543	571,863
Insurance funds	210,274	228,733
Long-term accounts receivable - other	3,000,000	-
Others	38,671	38,179
Allowance for doubtful accounts	(101,129)	(129)
Total investments and other assets	31,524,801	28,187,118
Total non-current assets	42,835,455	39,235,630
Total assets	102,255,681	97,837,218

	(Thousands of yen)	
	FY2019 (As of March 31, 2019)	FY2020 (As of March 31, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable - trade	1,193,428	1,352,674
Accounts payable - trade	2,385,402	2,433,252
Lease obligations	11,974	10,218
Accounts payable - other	984,714	988,079
Accrued expenses	375,658	223,130
Income taxes payable	7,154,899	-
Accrued consumption taxes	157,960	148,504
Deposits received	101,409	55,054
Provision for bonuses	243,132	255,130
Provision for directors' bonuses	78,400	78,400
Others	87,906	89,037
<b>Total current liabilities</b>	<b>12,774,885</b>	<b>5,633,481</b>
<b>Non-current liabilities</b>		
Lease obligations	13,604	3,385
Deferred tax liabilities	1,353,164	1,142,335
Provision for retirement benefits	1,139,922	1,254,834
Provision for directors' retirement benefits	136,796	145,821
Others	60	-
<b>Total non-current liabilities</b>	<b>2,643,547</b>	<b>2,546,377</b>
<b>Total liabilities</b>	<b>15,418,432</b>	<b>8,179,858</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	7,095,096	7,095,096
<b>Capital surplus</b>		
Legal capital surplus	7,833,869	7,833,869
<b>Total capital surplus</b>	<b>7,833,869</b>	<b>7,833,869</b>
<b>Retained earnings</b>		
Legal retained earnings	441,000	441,000
<b>Other retained earnings</b>		
Reserve for special depreciation	64,256	43,517
General reserve	7,820,000	7,820,000
Retained earnings brought forward	60,393,472	64,597,080
<b>Total retained earnings</b>	<b>68,718,729</b>	<b>72,901,598</b>
Treasury shares	(2,095,860)	(2,098,406)
<b>Total shareholders' equity</b>	<b>81,551,834</b>	<b>85,732,157</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	5,285,414	3,925,202
<b>Total valuation and translation adjustments</b>	<b>5,285,414</b>	<b>3,925,202</b>
<b>Total net assets</b>	<b>86,837,248</b>	<b>89,657,360</b>
<b>Total liabilities and net assets</b>	<b>102,255,681</b>	<b>97,837,218</b>

## (2) Non-consolidated Statements of Income

	(Thousands of yen)	
	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
Net sales		
Net sales of finished goods	37,578,864	40,076,510
Net sales of goods	1,598,135	1,295,078
Total net sales	39,177,000	41,371,588
Cost of sales	25,070,582	26,267,403
Gross profit	14,106,417	15,104,185
Selling, general and administrative expenses	5,831,045	6,105,916
Operating income	8,275,372	8,998,268
Non-operating income		
Interest income	39,625	22,329
Dividend income	310,451	316,074
Interest on securities	33,903	30,193
House rent income	44,613	41,960
Gain on valuation of derivatives	116,249	-
Foreign exchange gains	126,919	-
Others	100,232	69,841
Total non-operating income	771,994	480,398
Non-operating expenses		
Cost of lease revenue	15,739	13,843
Foreign exchange losses	-	223,390
Others	3,753	8,276
Total non-operating expenses	19,492	245,510
Ordinary income	9,027,875	9,233,157
Extraordinary income		
Gain on sales of shares of subsidiaries	17,347,678	222,836
Total extraordinary income	17,347,678	222,836
Extraordinary losses		
Impairment loss	94,923	-
Total extraordinary losses	94,923	-
Income before income taxes	26,280,630	9,455,993
Income taxes - current	8,153,610	2,453,000
Income taxes - deferred	(311,905)	369,901
Total income taxes	7,841,704	2,822,901
Net income	18,438,925	6,633,092

## [Breakdown of the Product Cost of Manufacture]

(Thousands of yen)

Account	Notes	FY2019 (from April 1, 2018 to March 31, 2019)		FY2020 (from April 1, 2019 to March 31, 2020)	
		Amount	Ratio (%)	Amount	Ratio (%)
I. Material costs		14,772,710	61.2	15,824,741	61.9
II. Labor costs		3,315,319	13.7	3,488,834	13.6
III. Expenses		6,066,571	25.1	6,274,704	24.5
Total manufacturing cost of the current term		24,154,601	100.0	25,588,280	100.0
Work in process inventory at beginning of term		545,035		608,218	
Total		24,699,636		26,196,499	
Subtract: Work in process inventory at end of term		608,218		614,609	
Subtract: Transfers to other accounts		65,016		65,592	
Product cost of manufacture of the current term		24,026,401		25,516,297	

## Cost accounting method

Separate cost accounting per individual lots based on actual cost

## Notes

\*1. Details are as follows:

(Thousands of yen)

Item	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
Depreciation expenses	914,542	859,763
Subcontract processing expenses	118,013	124,832

\*2. Details of transfers to other accounts are as follows:

(Thousands of yen)

Item	FY2019 (from April 1, 2018 to March 31, 2019)	FY2020 (from April 1, 2019 to March 31, 2020)
Advertising expenses	50,120	53,448
Research and development expenses	14,896	12,143
Total	65,016	65,592

## (3) Non-consolidated Statements of Changes in Equity

FY2019 (from April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at beginning of current period	7,095,096	7,833,869	7,833,869	441,000	85,930	7,820,000	44,033,114	52,380,045
Changes of items during period								
Provision of reserve for special depreciation					1,694		(1,694)	–
Reversal of reserve for special depreciation					(23,368)		23,368	–
Dividends of surplus							(2,100,241)	(2,100,241)
Net income							18,438,925	18,438,925
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	–	–	–	–	(21,673)	–	16,360,358	16,338,684
Balance at end of current period	7,095,096	7,833,869	7,833,869	441,000	64,256	7,820,000	60,393,472	68,718,729

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(2,088,405)	65,220,605	4,650,893	4,650,893	69,871,498
Changes of items during period					
Provision of reserve for special depreciation					–
Reversal of reserve for special depreciation					–
Dividends of surplus		(2,100,241)			(2,100,241)
Net income		18,438,925			18,438,925
Purchase of treasury shares	(7,455)	(7,455)			(7,455)
Net changes of items other than shareholders' equity			634,521	634,521	634,521
Total changes of items during period	(7,455)	16,331,228	634,521	634,521	16,965,750
Balance at end of current period	(2,095,860)	81,551,834	5,285,414	5,285,414	86,837,248

FY2020 (from April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
				Reserve for special depreciation	General reserve	Retained earnings brought forward		
Balance at beginning of current period	7,095,096	7,833,869	7,833,869	441,000	64,256	7,820,000	60,393,472	68,718,729
Changes of items during period								
Provision of reserve for special depreciation								
Reversal of reserve for special depreciation					(20,738)		20,738	–
Dividends of surplus							(2,450,223)	(2,450,223)
Net income							6,633,092	6,633,092
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	–	–	–	–	(20,738)	–	4,203,607	4,182,868
Balance at end of current period	7,095,096	7,833,869	7,833,869	441,000	43,517	7,820,000	64,597,080	72,901,598

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(2,095,860)	81,551,834	5,285,414	5,285,414	86,837,248
Changes of items during period					
Provision of reserve for special depreciation					
Reversal of reserve for special depreciation		–			–
Dividends of surplus		(2,450,223)			(2,450,223)
Net income		6,633,092			6,633,092
Purchase of treasury shares	(2,545)	(2,545)			(2,545)
Net changes of items other than shareholders' equity			(1,360,211)	(1,360,211)	(1,360,211)
Total changes of items during period	(2,545)	4,180,323	(1,360,211)	(1,360,211)	2,820,111
Balance at end of current period	(2,098,406)	85,732,157	3,925,202	3,925,202	89,657,360

## 5. Other

### (1) Change of Representative Director

There is nothing to report.

### (2) Changes in Other Board Members (scheduled on June 19, 2020)

#### 1) Candidate Directors to be Newly Appointed

Director Toru Nishiki (New appointment)

\* Mr. Nishiki is a candidate for external director.

\* His appointment is subject to approval by the 42nd annual general meeting of shareholders to be held on June 19, 2020.

#### 2) Directors to be Retired

External Director Kenichi Isaka